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AZ CORP COMMISSION
DOCKET CONTROL

Arizona Corporation Commission

DOCKETED

AUG 19 2014

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BEFORE THE ARIZONA CORPORATION COMMISSION**COMMISSIONERS**

GARY PIERCE, Chairman

SANDRA D. KENNEDY

PAUL NEWMAN

BOB STUMP

BRENDA BURNS

ORIGINAL

IN THE MATTER OF THE APPLICATION
OF ARIZONA-AMERICAN WATER
COMPANY, AN ARIZONA
CORPORATION, FOR A
DETERMINATION OF THE CURRENT
FAIR VALUE OF ITS UTILITY PLANT
AND PROPERTY AND FOR INCREASES
IN ITS RATES AND CHARGES BASED
THEREON FOR UTILITY SERVICE BY
ITS ANTHEM/AGUA FRIA
WASTEWATER DISTRICT, SUN CITY
WASTEWATER DISTRICT, AND SUN
CITY WEST WASTEWATER DISTRICT

Docket No. SW-01303A-09-0343

W-01303A-09-0343

**VERRADO COMMUNITY
ASSOCIATION, INC.'S RESPONSE
TO ANTHEM COMMUNITY COUNCIL
INC'S MOTION TO STAY
PROCEEDINGS**

Verrado Community Association, Inc. ("Verrado"), through its undersigned counsel, submits the following Response to Anthem Community Council, Inc.'s Motion to Stay Proceedings docketed on August 12, 2014 (the "Motion"). Verrado was previously granted intervention in this matter by an order docketed on May 11, 2011.

Verrado requests that the Anthem Motion to Stay Proceedings be denied. The proceedings contemplated by the Commission in Decision 74588, and scheduled in the hearing officer's August 18, 2014 Procedural Order, should proceed forward without delay so that due process is afforded to Epcor Arizona Water Inc. ("Epcor") and the affected customers, and so the Commission is provided with the information the Commission has requested in order to

1 determine whether and how it may “rescind, alter or amend” prior decisions regarding rates in
2 the Epcor service areas pursuant to A.R.S. § 40-252. Anthem complains in its Motion that
3 Epcor has not yet filed a new full rate case and cost of service studies as contemplated in
4 Decision No. 72047 and 72337. *See* Ex. A to Motion, pp. 4-5. It is true that Epcor has not yet
5 filed a new rate case and cost of service studies, but that factor does not prevent the Commission
6 from revisiting the content of its prior orders under A.R.S. § 40-252.

7 Verrado agrees with Anthem that more updated information regarding customer counts
8 and rate elements is desirable, but even immediate preparation and processing of a full rate case
9 with cost of service studies will take an extensive amount of time and expense for all parties,
10 and will not provide interim rate relief to those customers the Commission seeks to address now.
11 It is appropriate for the Commission to consider interim relief. To the extent a party believes
12 that a full rate case is required by law as to any alternative considered, then that legal argument
13 can be made during this process.

14 Verrado believes it is important for the Commission to address customer complaints
15 promptly, including the growing Balkanization of Phoenix-area communities served by Epcor
16 that has occurred in past proceedings. By their nature, isolated wastewater infrastructure
17 systems experience significant and uneven life-cycle investments, and the lumpiness of such
18 investments is aggravated by infrequent rate cases. Waiting for preparation of yet another rate
19 case is not the solution. The Commission should consider further consolidation of Epcor’s
20 systems to smooth rate impacts over a larger customer base, providing all customers with more
21 predictability that their future wastewater rates will not jump shockingly high when an
22 investment is made in the infrastructure serving their home.

23 The remaining substantive arguments in Anthem’s Motion will be addressed by Verrado
24 in testimony and subsequent briefing as this process moves forward.

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26 ///

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1 DATED this 19th day of August, 2014.

2 RYLEY CARLOCK & APPLEWHITE

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11 ORIGINAL and 13 copies of the foregoing
12 filed this 19th day of August, 2014, with:

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18 19th day of August, 2014, to:

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